

# Russian Equities Weekly

## April 1 – 5, 2019

	Week	YTD
<b>RTS Total return (TR) in USD</b>	2.3%	15.0%
<b>MOEX index TR in RUB</b>		
Composite	1.8%	7.6%
Blue chip	2.3%	9.0%
Small and mid-cap	1.1%	4.5%
<b>MOEX sector indices TR in RUB</b>		
Financial Services	1.8%	10.9%
Power Utilities	1.0%	5.9%
Consumer Goods	0.9%	3.4%
Metals & Mining	0.4%	3.3%
Oil & Gas	0.3%	2.3%
<b>FX</b>		
RUB/USD	0.7%	6.0%
RUB/EUR	0.7%	8.7%

Data as of April 5, 2019

TKB Investment Partners (JSC) calculations; Bloomberg

## Everything up

### Russian equity market dynamics

**Optimism on the global market helped Russian equities to perform well.** Last week, the Russian market rose almost in line with MSCI EM and MSCI World indices, which gained 2.6% and 2% in USD terms, respectively. However, rising oil price did not add to the Russian market's performance.

**Once again, the financial sector outperformed other sectors.** This was mainly due to Sberbank and VTB. Sberbank received an addition boost from news that it agreed with Emirates NBD Bank on the terms of the Denizbank sale. Sberbank will sell 99.85% in Denizbank for USD 2.8 billion. The deal is likely to close later in Q2 2019.

**Exporters overall underperformed local demand orientated sectors.** This was mainly due to a stronger rouble.

**The oil & gas sector was the worst performer overall.** This was to a large extent due to Tatneft and Transneft dropping as the Q4 financial results of both companies fell short of market expectations.

## Main Russian news

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**Inflation reached 5.3% YoY at the end of March, up by 0.1%** from the end of February, Rosstat reported. **Food and services inflation held steady at - 5.9% YoY and 5.1% YoY, respectively.** The rise in **non-food prices slightly accelerated to 4.7% YoY** at the end of March from 4.6% YoY at the end of February.

The Central Bank of Russia expects **inflation to be at 4.7%-5.2% at the end of this year.** The sensitivity of this forecast to oil price movements is low due to the federal budget rule. The rule calls for the federal budget to only consider as revenue taxes on oil prices at USD 40 per barrel. All additional oil tax revenues are used to buy currency on the open market, to be set aside for a rainy day in the National Wealth Fund.

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## To watch...

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Nothing material is planned

Sources: Vedomosti, Bloomberg, cbr.ru, TKB Investment Partners (JSC); April 2019

## Quarterly results: actual vs. consensus for EPS

(earnings per share), adjusted, (US dollars) \*

Major RTS index constituents	Q1 '18	Q2 '18	Q3 '18	Q4 '18
Lukoil	9%	1%	22.3%	18.8%
Gazprom	9%	-12.3%	29.2%	
Sberbank	12%	-4%	4.5%	14.1%
Novatek	13%	6%	20.5%	
Tatneft	8%	33.7%	41.2%	-18.8%
Magnit	-12%	-19%	12.4%	7.8%
MTS	-8%	-8%	13.6%	-46.1%
VTB	170%	7%	-90.7%	
Alosa	64%	13%	-10.9%	-12.2%
Severstal	-14%	14%	0.0%	-10.7%
NLMK	-4%	14%	12.3%	
Moscow Exchange	-7%	-8%	4.2%	10.6%
Magnitogorsk Iron & Steel	-22%	6%	0.0%	-20.0%
Phosagro	-31%	-45%	-8.0%	-41.5%

\* based on Bloomberg consensus

	Actual figure is better than consensus by more than 5%
	Actual figure is worse than consensus by more than 5%
	The deviation of actual results from consensus is between -5% and +5%

Source: Bloomberg, TKB Investment Partners; data as of April 5, 2019

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